

WIDE AREA INFORMATION SERVERS, INC.
BALANCE SHEET AS OF 6/30/94

ASSETS

Current Assets

Petty Cash	500.00
UNB-Checking	(40,013.62)
UNB-Money Market	173,855.21

Total Cash	134,341.59
Accounts Receivable	101,022.51
Prepays	3,480.00
Deposits	2,395.34

Total Current Assets	241,239.44
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Fixed Assets

Furniture & Fixtures	4,741.15
Accum. Depr.	(677.98)
Computer Equipment	81,776.23
Accum Depr.	(27,541.23)
Network Equipment	3,301.00
Accum. Depr.	(1,833.89)

Total Fixed Assets	59,765.28
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Other Assets

Organization Costs	4,769.00
Accum. Amort.	(954.00)

Total Other Assets	3,815.00
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TOTAL ASSETS	304,819.72
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LIABILITIES

Current Liabilities

Accounts Payable	7,500.00
A/P Accrual	88,340.80
Payroll Taxes Payable	17,127.36
Sales Tax Payable	1,237.50

Total Current Liabilities	114,205.66
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Other Liabilities

Notes Payable - Kahle	48,711.39
Deferred Revenue	79,253.00

Total Other Liabilities	127,964.39
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TOTAL LIABILITIES	242,170.05
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EQUITY

Common Stock	25,000.00
Retained Earnings	380.43
Retained Earnings - Current	37,269.24

TOTAL EQUITY	62,649.67
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TOTAL LIABILITIES & EQUITY	304,819.72
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WIDE AREA INFORMATION SERVERS, INC.
INCOME STATEMENT FOR THE YEAR ENDING 6/30/94

INCOME:

Consulting Income	\$18,500.00
Information Services	50,000.00
Contract Sales	167,006.18
Product Sales - Server S/W	700,300.00
Product Sales - Demo	15,000.00
Interest Earned	2,348.30

TOTAL REVENUE \$953,154.48

EXPENSES:

Accounting & Bookkeeping	\$12,805.00
Advertising	698.22
Organizational Cost Amort.	954.00
Bank Charges	335.00
Computer Supplies	19,888.83
Depreciation	12,265.10
Dues & Subscriptions	254.21
Entertainment	802.59
Equipment Rental	4,430.89
Insurance	8,230.00
Interest Expense	4,815.00
Legal Fees	8,431.48
Marketing Expenses	10,213.91
Medical Insurance & Reimb.	11,108.18
Miscellaneous Expenses	282.34
Network Access Fees	3,207.63
Office Supplies & Expenses	25,732.28
Paging Services	59.40
Payroll Service Fees	799.55
Staff Salaries	278,008.45
Officers Salaries	192,463.77
Security	1,229.72
Postage & Courier	5,203.02
Professional Fees	112,087.86
Rent	36,240.00
Repairs & Maintenance	2,110.00
Software Expenses	10,356.78
Software Expense/Databases	23,150.00
Tax, Licenses & Fees	1,113.57
Tax - Franchise	800.00
Tax - Payroll	41,060.13
Tax - Property	438.84
Tax - Federal	300.00
Telephone	35,476.07
Online Services	3,998.50
Travel - Costs	30,682.57
Travel - Meals	3,945.62
Travel - Accomodation	11,906.73

TOTAL EXPENSES \$915,885.24

NET PROFIT (LOSS) \$37,269.24

WAIS Inc

Wide Area Information Servers

September 18, 1994

Members of the Board:

In this board meeting, I suggest we move quickly over the current status of WAIS Inc and talk about how we fit into the larger community of network applications. Furthermore, I would like to set the tone for future board meetings and discuss who should be present for those meetings. From this discussion, I would like to end with people's perspectives on how we should structure ourselves and finance the operation.

WAIS Inc is doing well financially and sales are strong. We are growing to meet the task of delivering all that is being sold and anticipating upcoming competition.

We finished last year with just under \$1M in sales and slightly profitable. This is on plan and as expected. The first quarter looks exceptional while we projected \$500k, it looks like just under \$1M in revenue and solid bookings for the coming quarter. (This is largely due to the professional and energetic efforts of Bruce Gilliat, our new VP of Sales and Marketing). This could put us over the \$3M goal for this fiscal year.

We are staffing up: we are currently 18 employees (where 4 are contractors). A telesales person, VAR sales, publisher sales, and an engineer have joined our full-time ranks since the planning meetings. I would say that growing the infrastructure of the engineering and information services operations is one of our challenges of the next couple of months. Nick Sharf has been helping on the financial management of the company as a consultant. Nick and I are surveying our engineering salaries to try to bring them into line with industry practice. Allen Morgan (of Wilson Sonsini Goodrich & Rosati) is joining us as our new corporate counsel and will be present at the board meeting.

Information Services now being sold by the sales department and are selling well! We have signed 2 services (CMP and Reuters) this quarter, both with short time frames. Fulfilling these commitments is currently a strain on our organization.

Product competition will be coming from search engine companies, new companies (InfoSeek, Mosaic Comm Corp), and large software vendors (Microsoft). Our strategy is to license parts of our code into those software bases and then grow the relationship. This has been somewhat successful, but requires more effort.

I would like to discuss our holding regular board meetings in order to refine our strategy, expand our partnership opportunities, and keep us on track. We have a danger of not keeping a long term view as our business heats up.

Thank you again for coming. I hope the accompanying materials are of interest. If you have any questions, please call me any time or bring them up at the meeting.

Sincerely yours,

A handwritten signature in dark ink, appearing to be 'BK' or 'B Kahle', written in a cursive, fluid style.

Brewster Kahle

enc.:

Agenda
Corporate Objectives from the planning meetings
Financial summary

WAIS Inc

Wide Area Information Servers
1040 Noel Drive
Menlo Park, California 94025
415-327-WAIS
FAX 415-327-6513

FAX Cover Sheet

Date: September 20, 1994

To: Mr. Nick Scharf

FAX: 415-626-2430
Phone: 415-626-1534

From: Brewster Kahle
WAIS Inc.

FAX: 415-327-6513
Phone: 415-617-0444

Pages Transmitted (including cover sheet): 10

Remarks:

You are cordially invited to attend the WAIS Inc. Board of Directors Meetings on September 23, 1994.

Attached please find the meeting agenda along with other materials for your review.

Thank you.

WAIS Inc

Wide Area Information Servers
1040 Noel Drive
Menlo Park, California 94025
415-327-WAIS
FAX 415-327-6513

FAX Cover Sheet

Date: September 20, 1994

To: Mr. Allen Morgan
Wilson Sonsini Goodrich & Rosati

FAX: 415-496-4085
Phone: 415-493-9300

From: Brewster Kahle
WAIS Inc.

FAX: 415-327-6513
Phone: 415-617-0444

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Menlo Park, California 94025
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FAX 415-327-6513

FAX Cover Sheet

Date: September 20, 1994

To: Mr. Bill Dunn

FAX: 505-989-3922
Phone: 505-989-4866

From: Brewster Kahle
WAIS Inc.

FAX: 415-327-6513
Phone: 415-617-0444

Pages Transmitted (including cover sheet): ~~10~~

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